

**PRELIMINARY STATEMENT
(Continued)**

Sheet 1

AH. The Memorandum Account for Environmental Improvements and Compliance Issues for Acquisitions.

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1. PURPOSE:

The purpose of the account is to track costs associated with required improvements related to environmental and compliance issues in the Dunnigan, Geyserville, Meadowbrook, Rio Plaza, and Fruitridge Vista and Hillview service territories. Example of such costs include, but are not limited to, nitrate mitigation, installation of geosynthetic liners, repair of a cracked surface seal on the main well, construction of a back-up well and back-up electrical power source to maintain minimum pressure in the event of failure in grid power. This account excluded costs related to hexavalent chromium mitigation since there is a separate memorandum account for those costs.

2. APPLICABILITY:

California American Water's Hillview Service Areas; Fruitridge Vista Service Areas; Sacramento Service Area – Dunnigan, Geyserville, and Meadowbrook Service Areas; Los Angeles County District – Rio Plaza, in the City of Oxnard, Ventura County

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3. ACCOUNTING PROCEDURE:

- a. A debit entry will be created to capture costs associated with the account.
- b. A debit or credit entry equal to interest on the balance in the account at the beginning of the month and half the balance after the above entries, at a rate equal to one-twelfth of the rate on 90-day non-financial Commercial Paper, as reported in the Federal Reserve Statistical Release, H.15 or it successor.
- c. A credit entry will be made to transfer the balances to the appropriate district Consolidated Expense Balancing Account's ("CEBA") upon Commission approval.

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4. RATEMAKING PROCEDURE:

There is currently no ratemaking component to the memorandum account. Requests for recovery of any balance are to be processed according to General Order 96-B and Standard Practices or otherwise determined in a Commission decision. Upon Commission review and approval, balances shall be transferred to the appropriate District CEBA's for recovery/fund.

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(Continued)

(TO BE INSERTED BY UTILITY)
Advice 1280-A
Decision

ISSUED BY
J. T. LINAM
DIRECTOR - Rates & Regulatory

(TO BE INSERTED BY C.P.U.C.)
Date Filed 06/22/2020
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Resolution _____